

Retirement and Benefits

The Retirement and Employee Benefits appropriation covers the City's share of employee benefits costs including VRS retirement, life insurance, FICA (social security), workmen's compensation, separation pay, unemployment fees and health insurance. Costs involved in compensating employees, such as merit pay, specialized incentive pay and pay increases for Constitutional Officers are budgeted here as well.

The total budget for this department is \$41,815,721 which funds the following benefits:

Salary increases and benefits for employees	FY 12 Actual	FY 13 Actual	FY 14 Actual	FY 15 Budget	FY16 Budget	Increase/ (Decrease)
Accrued Payroll	\$91,512	\$7,905	\$325,534	\$405,889	\$667,165	\$261,276
Separation Leave Pay	762,337	641,141	683,125	640,000	690,000	50,000
Retirement/Separation Incentive	354,709	0	0	0	0	0
Compensation	0	0		0	0	0
One Time Performance Payment	1,399,227	2,218,944	0	2,513,389	0	(2,513,389)
General Wage Increase					2,450,057	2,450,057
Pay Scale Adjustment	0	0	0	0	1,000,000	1,000,000
Line of Duty Pay	160,000	340,000	340,000	340,000	340,000	0
Workmen's Compensation	2,009,582	2,145,559	2,101,663	2,022,126	1,975,560	(46,566)
Hampton Employees Retirement System	1,973,901	2,567,970	2,559,970	3,159,000	3,159,000	0
Hospitalization Insurance	9,336,154	9,498,831	10,504,059	11,024,137	11,713,601	689,464
Federal ERRP* Funds - Active Employees	0	381,460	0	0	0	0
Federal ERRP* Funds - Retirees	0	138,092	0	0	0	0
Group Life Insurance	163,672	753,745	778,779	909,500	926,100	16,600
Unemployment Insurance	120,603	149,277	97,051	240,000	110,000	(130,000)
FICA Contribution	5,450,830	5,438,602	5,463,481	5,520,925	5,847,038	326,113
VA Supplemental Retirement (VRS)	12,323,912	11,779,641	12,136,761	12,490,000	12,876,000	386,000
VRS Disability Program for Hybrid Plan	0	0	1,816	14,000	13,000	(1,000)
Other Fringe Benefits	43,947	38,566	37,854	41,400	41,400	0
Wage Works - Flex Spending Accounts	0	0	6,872	6,700	6,800	100
Total Retirement and Employee Benefits	\$34,190,386	\$36,099,733	\$35,036,965	\$39,327,066	\$41,815,721	\$2,488,655

Budget Note: This budget reflects the following changes:

*Provides for a 3% general wage increase

*Provides for the rollout of a Pay Scale Adjustment in January 2016

* A 7.2% health insurance premium increase in which the City will absorb the full impact of the increase in FY16 so that employees will be able to have full effect of the 3% general wage increase

RETIREMENT AND BENEFITS DESCRIPTIONS

Accrued Payroll

The City pays its employees on a bi-weekly basis during the fiscal year which begins July 1st and ends June 30th. For General Fund departments, any pay days within the first pay period of the fiscal year that relate to the month of June are (accrued) charged back to the closing fiscal year. The total amount accrued is charged against this accrued payroll account instead of the individual department's salary expense line-item. This satisfies the principles of the modified accrual basis of accounting that the City uses.

Compensation: General Wage Increase, Merit and Minimum Wage Adjustments

This budget provides for a recommendation of a 3% general wage increase to be given to all City employees. Also included are funds set aside for the roll out of pay scale adjustments in January 2016.

Hampton Employees Retirement System (HERS) Contribution

HERS is a City provided retirement plan that was designed to supplement the retirement of those City employees eligible for participation in the Virginia Supplemental Retirement System (VRS). HERS covers all full-time salaried employees who were first hired prior to July 1, 1984. The City is required to contribute an actuarially determined amount which currently is \$4,312,983 for all funds. For FY16, the General Fund's share of the contribution is \$3,159,000.

Hospitalization Insurance (Self Insured)

Currently, the City offers one medical plan, Anthem Blue Cross/Blue Shield KeyCare (PPO plan) to all eligible active and qualified retired employees. For FY16, approximately 80% of eligible City employees will participate in the plan. This plan is supported by the City and its subscribers. For active employees, the City's premium portion averages approximately 71% and the employee's share averages approximately 29% depending on the type of employee coverage. The estimated increase in premiums is expected to be 7.2%, along with a reinsurance fee which will be added to the Employee Share of each premium. For FY16, the City will absorb the full impact of the 7.2% increase so that employees will have the full effect of the 3% general wage increase.

RETIREMENT AND BENEFITS DESCRIPTIONS

Life Insurance

All eligible permanent full-time employees are automatically covered under the basic group life insurance program provided by Minnesota Life for VRS members and retirees. The premium costs are calculated as a percentage of the employee's annual salary. The group life insurance rate is 1.19% as approved by the Virginia Governor and General Assembly.

Other Fringe Benefits

This budget represents miscellaneous fringe benefits such as deferred compensation as a part of the City Attorney, City Manager and Municipal Clerk's compensation package.

Workmen's Compensation (Self Insured)

The City is exposed to various risks of loss related to torts; theft of, damages to and destruction of assets; error and omissions; injuries to employees and natural disasters. The City has an established Risk Management Fund (in the Internal Service Fund) to account for and finance its uninsured risk of loss and the cost of providing insurance coverage such as automobile, general liability and workmen's compensation. Since the City is self-insured, this appropriation is essentially a General Fund transfer to the Risk Management Fund to support this self-insured liability of the City. For FY16, the Workmen's Compensation will decrease by \$46,565 over FY15.

Separation Leave Pay

Employees who retire or separate from employment with the City are entitled to receive payment for unused sick and vacation leave. According to the City's Personnel Policies Manual, active employees who are eligible for separation benefits have an established maximum number of hours that can be paid out. Upon separation, other than retirement pay, employees will receive sick leave pay of \$20 per day up to a maximum of 720 hours. For retirees, sick leave is paid up to 720 hours based on an hourly rate equivalent to one-half of the employee's annual salary. For both separating and retiring employees, vacation leave pay will be based on the employees hourly rate on the date of separation up to the maximum accrual payout set forth in the Personnel Policies Manual.

Social Security (FICA)

This is the employer portion of the Medicare tax obligations for all paid employees. Contributions are calculated utilizing a combined rate for Social Security and Medicare (7.65%) applied to a predetermined wage base.

RETIREMENT AND BENEFITS DESCRIPTIONS

Unemployment Insurance

The City pays unemployment tax on the first \$8,000 of wages earned for each employee during a calendar year. The percentage rate applied is computed by the Virginia Department of Taxation. The City is estimated to pay approximately \$110,000 in unemployment taxes for Fiscal Year 2016.

Virginia Retirement System (VRS) Contribution

The City of Hampton contributes to VRS, an agent and cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System. All full-time, salaried employees of the City must participate in the VRS Plan. Members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5% of their annual reported compensation to VRS. In addition, the City of Hampton is required to contribute the actuarially determined rate of 18.44%.

Line of Duty Pay

According to the Virginia Code 9.1-400, the Line of Duty Pay (LODA) applies to any first responder or public safety employee who dies or becomes disabled in the line of duty. The plan, which is a component of the Virginia Retirement System, will provide death benefits and continued health insurance coverage to disabled persons, their spouses, dependents and surviving spouse and dependents of deceased law-enforcement officers and firefighters. VRS has created a fund for payment of the program benefits. The City is mandated by the State to make contributions to this plan on behalf of its public safety employees.

PERSONNEL ALLOCATION

Fiscal Years 2012-2016

General Fund Departments	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Budget	FY16 Budget	Net Increase/ (Decrease)
Constitutional, Judicial and Electoral						
Circuit Court	7.0	7.0	7.0	7.0	6.0	(1.0)
City Treasurer	21.0	21.0	23.0	23.0	25.0	2.0
Commissioner of the Revenue	25.0	25.0	24.0	24.0	24.0	0.0
Commonwealth's Attorney	25.0	25.0	25.0	25.0	25.0	0.0
Electoral Board and Voter Registrar	3.0	3.0	3.0	3.0	3.0	0.0
General District Court	1.0	1.0	1.0	1.0	1.0	0.0
Economic Vitality and Neighborhoods <i>{formerly Economic Vitality}</i>						
Assessor of Real Estate	19.0	18.0	18.0	18.0	18.0	0.0
Community Development	53.0	51.0	53.0	54.0	54.0	0.0
Convention and Visitor Bureau	15.0	15.0	14.0	14.0	14.0	0.0
Economic Development	13.0	13.0	12.0	12.0	12.0	0.0
Infrastructure						
Parks and Recreation ~ Parks Division	57.0	55.0	55.0	55.0	55.0	0.0
Public Works - Administration	2.0	2.0	2.0	2.0	2.0	0.0
Public Works - Drainage Maintenance	23.0	23.0	23.0	23.0	23.0	0.0
Public Works - Engineering	7.0	7.0	7.0	7.0	7.0	0.0
Public Works - Facilities Maintenance	29.0	29.0	29.0	29.0	29.0	0.0
Public Works - Parking Facilities	1.0	1.0	1.0	1.0	1.0	0.0
Public Works - Streets and Roads	31.0	31.0	31.0	31.0	31.0	0.0
Public Works - Traffic Engineering	18.0	17.0	17.0	17.0	17.0	0.0
Leisure Services						
Arts Commission*	6.0	5.0	0.0	0.0	0.0	0.0
Hampton History Museum	4.0	4.0	4.0	4.0	4.0	0.0
Parks and Recreation ~ Recreation Division	42.0	41.0	40.0	43.0	44.0	1.0
Public Library	27.0	27.0	26.0	26.0	26.0	0.0
Public Safety						
Animal Control	8.0	8.0	8.0	8.0	8.0	0.0
Citizens' Unity Commission	2.0	1.0	1.0	1.0	1.0	0.0
Emergency Management	3.0	3.0	3.0	3.0	3.0	0.0
Fire and Rescue Division	279.0	279.0	279.0	287.0	297.0	10.0
Police Division	338.0	338.0	338.0	338.0	338.0	0.0
Youth Violence Prevention Unit (ATF)	0.0	0.0	0.0	1.0	2.0	1.0
911 Emergency Communications Center*	0.0	0.0	0.0	57.0	56.0	(1.0)
Strategic Customer Service 911-311	68.0	67.0	67.0	0.0	0.0	0.0

* Transferred to Enterprise Fund

*Formerly housed in Strategic Customer Service 911-311

PERSONNEL ALLOCATION

Fiscal Years 2012-2016

	FY12	FY13	FY14	FY15	FY16	Net Increase/ (Decrease)
General Fund Departments (Cont'd)	Budget	Budget	Budget	Budget	Budget	
Quality Government						
311 Customer Call Center*	0.0	0.0	0.0	10.0	10.0	0.0
Budget and Management Analysis**	6.0	6.0	6.0	0.0	0.0	0.0
City Attorney	12.5	11.5	11.5	13.5	14.5	1.0
City Manager	10.0	10.0	10.0	14.0	14.0	0.0
Finance and Consolidated Procurement	22.0	22.0	22.0	22.0	22.0	0.0
Human Resources	8.0	8.0	8.0	8.0	8.0	0.0
Information Technology	17.0	17.0	17.0	17.0	17.0	0.0
Internal Audit	3.0	3.0	3.0	3.0	3.0	0.0
Marketing and Outreach	7.0	7.0	7.0	7.0	7.0	0.0
Municipal Council	11.0	11.0	11.0	11.0	11.0	0.0
Non-Departmental	0.0	0.0	0.0	0.0	0.0	0.0
**FY15 Budget and Management merged with City Manager's Office						
Youth and Families						
Court Services Unit	0.0	4.0	4.0	4.0	4.0	0.0
Human Services ~ Youth, Education and Family Service	64.0	62.0	62.0	60.0	59.0	(1.0)
Human Services ~ Social Services	184.0	184.0	184.0	183.0	185.0	2.0
Virginia Cooperative Extension Services	2.0	2.0	2.0	2.0	2.0	0.0
Total General Fund Departments	1,473.5	1,464.5	1,458.5	1,458.5	1,472.5	14.0
Non-General Fund Departments						
Enterprise Funds						
Hampton Coliseum/Hampton Arts Commission	28.0	28.0	33.0	33.0	32.0	(1.0)
The Hamptons Golf Course	5.0	6.0	6.0	6.0	7.0	1.0
The Woodlands Golf Course	6.0	7.0	6.0	6.0	6.0	0.0
Internal Service Funds						
Fleet Services	25.0	27.0	28.0	28.0	28.0	0.0
Information Technology	4.0	4.0	4.0	4.0	4.0	0.0
Risk Management	5.5	5.5	5.5	5.5	5.5	0.0
Public Works Funds						
Solid Waste Management	63.0	63.0	63.0	62.5	62.5	0.0
Steam Plant	38.0	38.0	41.0	41.0	41.0	0.0
Stormwater Management	55.0	60.0	71.0	71.0	71.0	0.0
Wastewater Management	69.0	69.0	69.0	68.5	68.5	0.0
Special Revenue Funds						
Parks and Recreation ~ CDBG	2.0	2.0	2.0	2.0	2.0	0.0
Housing and Neighborhood Division ~ CDBG	4.0	4.0	4.0	3.0	3.0	0.0
Total Non-General Fund Departments	304.5	313.5	332.5	330.5	330.5	0.0
GRAND TOTAL	1,778.0	1,778.0	1,791.0	1,789.0	1,803.0	14.0

(Permanent Full-Time Positions Only)

General Fund Departments	Net Personnel Change	Explanation
<u>Constitutional, Judicial and Electoral</u>		
Circuit Court	(1.0)	Elimination of one assistant position assigned to a Circuit Court Judge. The Judge is retiring and based on a statewide judicial workload report, this position will be eliminated leaving Hampton with three Circuit Court Judges.
City Treasurer	2.0	This increase is due to the addition of a real estate paralegal position that will be dedicated to in-house judicial land sales and an account clerk to assist with the enhanced collection of court fines.
<u>Leisure Services</u> <i>{formerly Art, Culture and Recreation}</i>		
Parks and Recreation ~ Recreation Division	1.0	This increase reflects the addition of a technician to focus on the repair and maintenance of the City's three pools (added mid-year FY15).
<u>Public Safety</u>		
911 Emergency Communications Center	(1.0)	This decrease is due to the elimination of a long vacant supervisory position to help balance the budget.
Fire and Rescue Division	10.0	This personnel increase reflects the conversion of the remaining ten firefighter/paramedic positions previously funded via the SAFER grant to the General Fund effective mid-FY16.
Youth Violence Prevention/ATF	1.0	This increase is due to the addition of one attorney position to prosecute criminals involved in gangs, guns and drugs, in concert with the U.S. Attorney General's Office.
<u>Quality Government</u>		
City Attorney	1.0	This increase is the result of the addition of one attorney position dedicated to prosecuting gateway misdemeanors.

(Permanent Full-Time Positions Only)

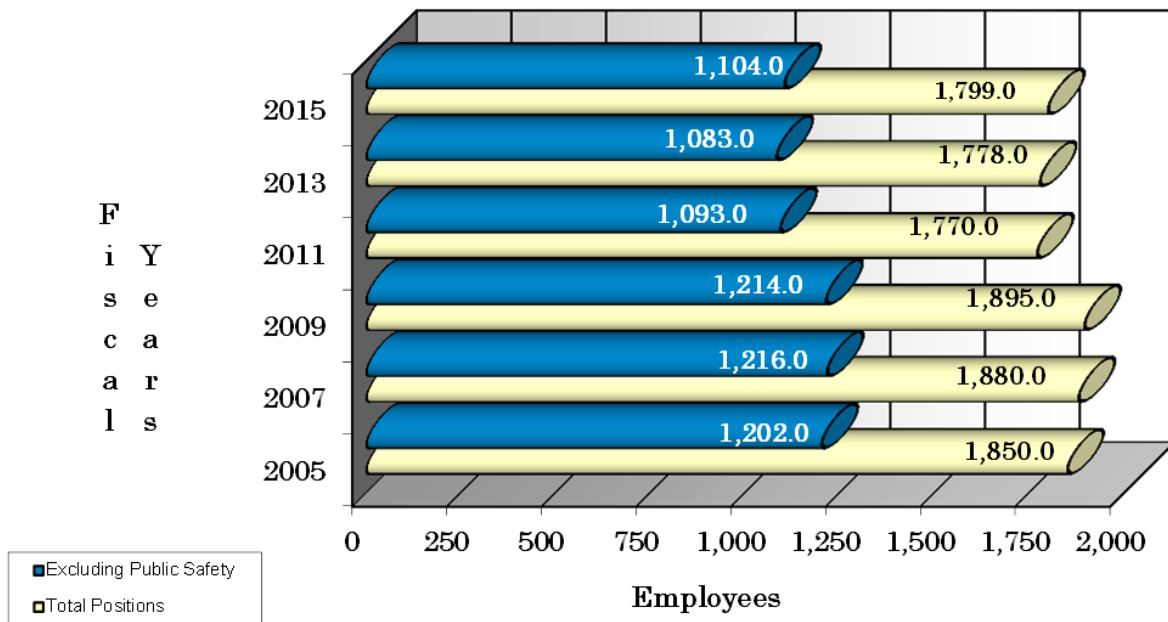
Youth and Families

Human Services ~ Youth, Education and Family Services	(1.0)	In FY15, a supervisory position was eliminated due to the restructuring of Human Services but was not reflected in the FY15 Budget.
Human Services ~ Social Services	2.0	This increase is due to the addition of two family support workers to help support school and court prevention initiatives.
Total General Fund Departments	14.0	

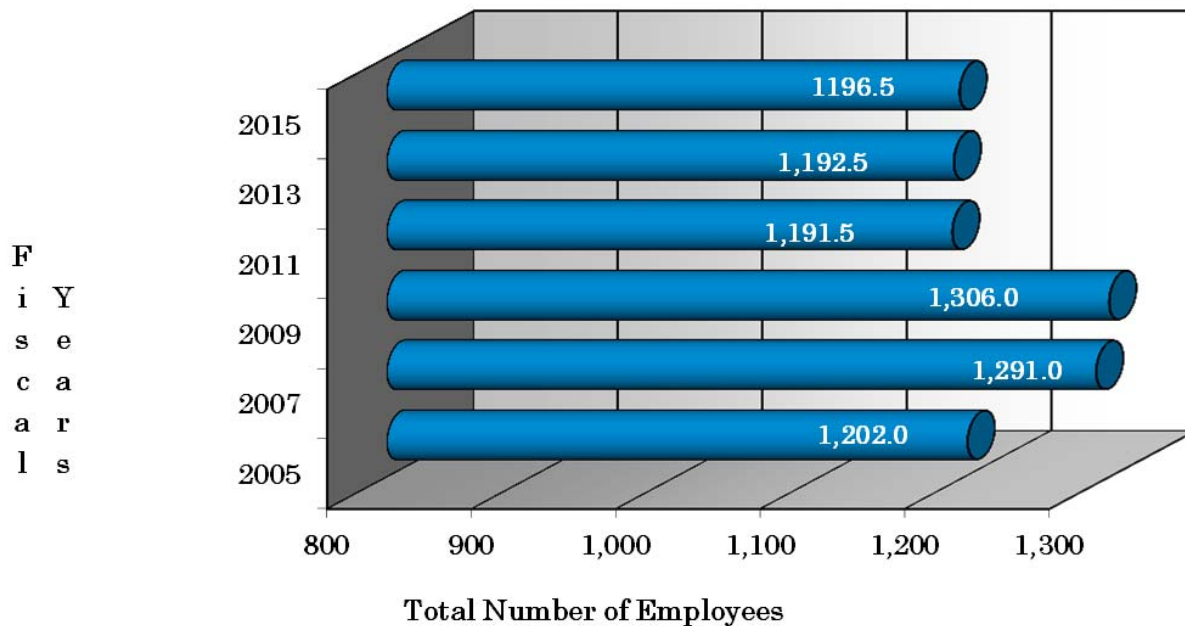
Non-General Fund Departments	Net Personnel Change	Explanation
<u>Enterprise Fund</u>		
The Hamptons Golf Course	1.0	This increase reflects the addition of a golf professional to help enhance the services provided and bring in additional revenue.
Hampton Coliseum/Hampton Arts Commission	(1.0)	This decrease reflects the elimination of a position to help balance the budget.
Total Non-General Fund Departments	0.0	
GRAND TOTAL	14.0	

AUTHORIZED STAFFING Fiscal Years 2005-2015

Total Positions - All Funds

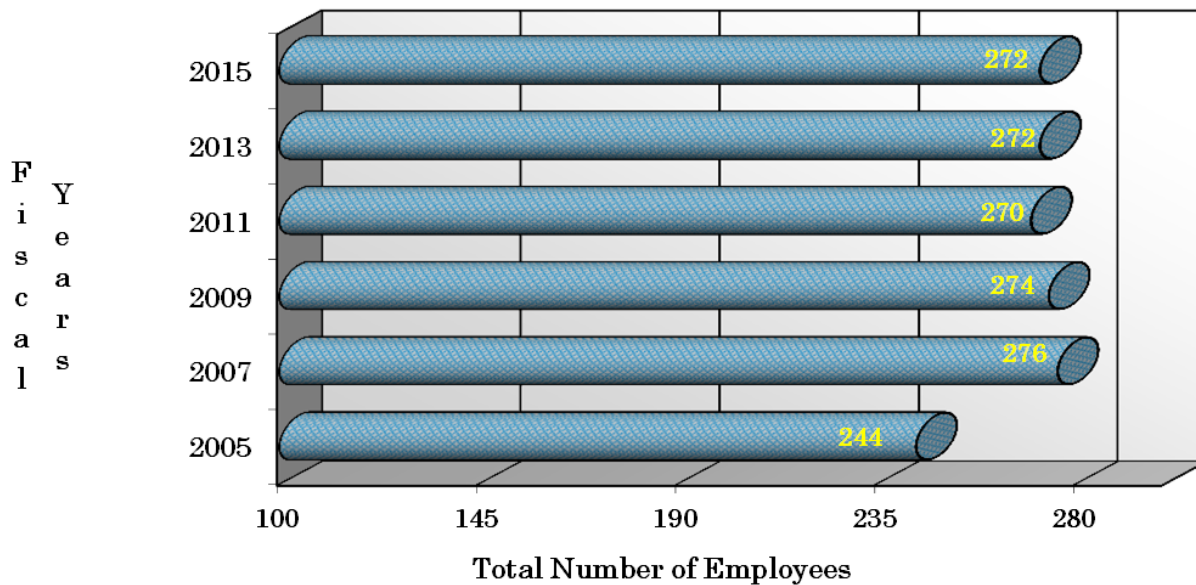


Total Positions ~ City Departments

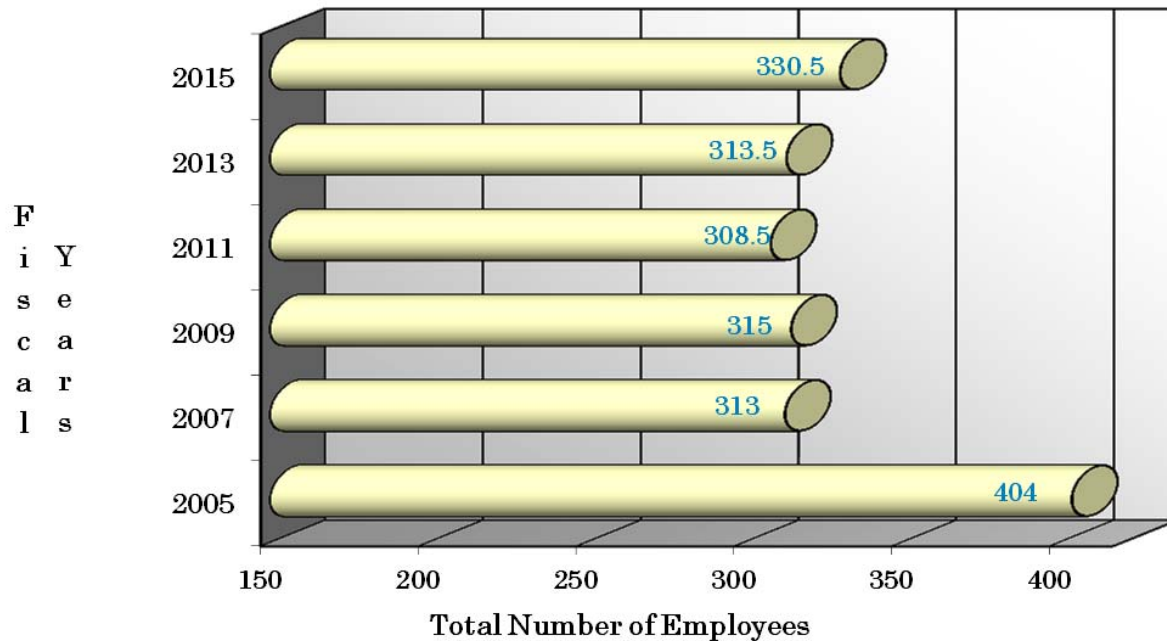


AUTHORIZED STAFFING Fiscal Years 2005-2015

Total Positions ~ City/State Departments



Total Positions ~ Non-General Fund





COMPARISON OF SALARY INCREASES vs. INFLATION

Fiscal Years 2006- 2016

	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15*</u>	<u>FY16**</u>
Salaries	5.5%	5.5%	4.0%	3.0%	0.0%	0.0%	0.0%	0.0%	2.0%	0.0%	3.0%
Inflation	3.9%	3.3%	4.8%	0.3%	2.1%	3.2%	1.0%	1.0%	1.8%	1.0%	

- Salaries include merit and cost-of-living increases for City employees only.
- Inflation is measured by the percent increase in the Consumer Price Index (CPI) for the Washington-Baltimore Area on a fiscal year basis.

* The FY15 estimate is based on the average inflation rate between July 2014 to January 2015.

** Inflation rate for FY16 is not currently available.

**Increase In Salaries -vs- Inflation
FY 2006 - 2016**



Source: U.S. Department of Labor - Bureau of Labor Statistics and is an estimate only.